

Message Text

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70

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

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FM USDEL MTN GENEVA

TO SECSTATE WASHDC 172

INFO USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: WASHINGTON VISIT OF EC COMMISSIONER GUNDELACH

1. PAUL LUYTEN, CHIEF, EC DELEGATION, AND RODERICK ABBOTT, PROSPECTIVE CHIEF OF EC MTN DIVISION IN GENEVA, TOLD US FINN GUNDELACH VIEWS WASHINGTON VISIT AS FOLLOW-UP TO AMBASSADOR DENT'S MEETING IN BRUSSELS. THEY BELIEVE HE WILL FOCUS ON FURTHER REFINEMENT OF AMB. DENT'S IDEAS FOR AN EARLY HARVEST, AREAS IN MTN FOR WHICH GUNDELACH IS RESPONSIBLE (I.E. STANDARDS, SUBSIDIES AND COUNTERVAILING DUTIES, SECTORS AND GOVERNMENT PROCUREMENT) AND SUCH MISCELLANEOUS ITEMS AS US POSITION ON HARMONIZED COMMODITY CODE, LDC'S, TROPICAL PRODUCTS AND GATT REFORM. ABBOTT, WHO ALONG WITH PIERRE SCHLOSSER, EC DIRECTOR OF DOMESTIC MARKETS, WILL ACCOMPANY GUNDELACH, EXPRESSED HOPE THAT ISSUES WITHIN GUNDELACH'S COMPETENCE WOULD BE GONE INTO IN GREATER DETAIL THAN IN BRUSSELS.

2. ON ISSUE OF GENERAL TIMING, ABBOTT WAS VERY SKEPTICAL

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ABOUT MAKING CONCRETE PROGRESS IN 1975. IN VIEW OF

COMPREHENSIVE AND BALANCED NATURE OF PRESENT WORK PROGRAM, HE DID NOT FEEL US WOULD BE SUCCESSFUL IN IDENTIFYING AREAS AT JULY TNC MEETING WHERE MORE RAPID PROGRESS COULD BE MADE. EC WOULD NOT OPPOSE US BUT WOULD NOT SUPPORT OUR EFFORTS TO IDENTIFY PRIORITY AREAS WITH EXCEPTION OF TROPICAL PRODUCTS. ABBOTT BELIEVED IT WOULD BE INADVISABLE EVEN TO MENTION IN JULY TNC POSSIBILITY OF CONCRETE RESULTS IN 1976 SINCE EXPECTATIONS WOULD BE RAISED WHICH MIGHT NOT BE FULFILLED, LEAVING US HOSTAGE TO CHANCE. ABBOTT ALSO EXPRESSED SKEPTICISM WHETHER EVEN BY NOVEMBER TNC IT WOULD BE POSSIBLE TO IDENTIFY AREAS WHERE CONCRETE RESULTS POSSIBLE IN 1976. LUYTEN HAD SIMILAR IDEAS. (MTN GENEVA 4611).

3. ABBOTT SURMISED GUNDELACH WOULD BE INTERESTED IN STR'S REACTION TO SUGGESTION FOR A MINISTERIAL TNC IN NOVEMBER. ACCORDING TO ABBOTT, GUNDELACH PRESUMABLY OPPOSED SINCE IT IS NOT APPARENT THAT ENOUGH CONCRETE PROGRESS COULD BE MADE TO JUSTIFY SUCH A GATHERING.

4. ON STANDARDS, LUYTEN AND ABBOTT REPEATED WELL-KNOWN EC POSITION THAT BALANCE NOT POSSIBLE SINCE USG ONLY REQUIRED TO USE BEST EFFORTS APPROACH TO CONVINCE STATES AND PRIVATE STANDARD SETTING BODIES TO RESPECT CODE WHILE COMMISSION RESPONSIBLE FOR ALL ACTIONS OF MEMBER STATES IN THIS RESPECT. EC WOULD BE SUBJECT TO COMPLAINTS FOR VIOLATIONS BY CONSTITUENT BODIES BUT US WOULD NOT. SECONDARY BUT STILL IMPORTANT CONSIDERATION IS FEAR OF SOME THAT CODE'S CONSULTATION PROCEDURE WILL SLOW UP ACHIEVEMENT OF EFFORTS AT HARMONIZATION WITHIN COMMUNITY. AS A RESULT STANDARDS CODE NOT SELF-BALANCING AND CANNOT BE ASSESSED SEPARATELY FROM PROGRESS IN OTHER AREAS. WOLFF REQUESTS THAT GENERAL COUNSEL'S OFFICE PREPARE, FOR INCLUSION IN BRIEFING PAPERS FOR VISIT, LEGAL OPINION ON EXTENT TO WHICH USG CAN BIND STATE AND LOCAL GOVERNMENTS AND PRIVATE STANDARDS ASSOCIATION ON CODE MATTERS. DETAILED RESPONSE ON EC AUTHORITY OVER EUROPEAN STANDARD BODIES WOULD ALSO BE USEFUL.

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5. ABBOTT REITERATED FAMILIAR POINT ON EXPORT SUBSIDIES AND COUNTERVAILING DUTIES THAT NOT POSSIBLE TO AGREE IN THIS AREA UNTIL US AGREES TO END PROVISIONAL APPLICATION AND ACCEPT INJURY CRITERIA. WE POINTED OUT THAT US PROPOSAL ALLOWS POSSIBILITY FOR ACCEPTANCE OF INJURY TEST FOR CERTAIN SUBSIDIES. IN RESPONSE TO OUR QUESTION AS TO WHY EC DID NOT MOVE FASTER IN THIS AREA SINCE WAIVER AUTHORITY EXPIRING IN THREE AND ONE-HALF YEARS,

HE REPLIED COMMISSION BELIEVED US WOULD NOT BE ABLE TO DELIVER FROM CONGRESS A CODE WITH ANY INJURY PROVISION. ACCORDING TO LUYTEN THIS CONFIRMED STATEMENT BY HIGH USG OFFICIAL AT US-EC MAY 29-30 CONSULTATIONS THAT IMPOSSIBLE TO SELL TO CONGRESS ANY CODE WITH INJURY PROVISION. WE POINTED OUT THAT BALANCED CODE WHICH INCLUDED PROVISIONS ON SUBSIDIZATION TO THIRD COUNTRIES COULD BE SOLD TO CONGRESS EVEN WITH LIMITED INJURY OR TRADE DISTORTION TESTS.

6. OTHER POINTS LIKELY TO BE RAISED BY GUNDELACH INCLUDE (A) US-EC DIFFERENCES IN SECTOR APPROACH; (B) US POSITION WITH RESPECT TO HARMONIZATION COMMODITIES CODE AND ITC POSITION; (C) ADVISABILITY AND METHOD FOR TRANSFERRING GOVERNMENT PROCUREMENT FROM OECD TO MTN; (D) GENERAL DISCUSSION ON GATT REFORM; AND (E) US-EC COOPERATION IN LDC AREAS (WE AGAIN RAISED OUR CONCERN WITH EC PROPOSAL TO SATISFY LDC REQUESTS THROUGH NON-RECIPROCAL GSP IMPROVEMENTS ON LDC PRODUCTS ALSO PRODUCED BY DEVELOPED COUNTRIES). WALKER

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